GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3791
ANSWERED ON:30.04.2007
SHORTAGE OF WHEAT
Murmu Shri Hemlal;Shakya Shri Raghuraj Singh

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has decided to use hedging at the global level to meet the shortage of wheat in the country;

(b) if so, the details thereof and reasons therefor;

(c) whether a high level empowered Committee has been constituted/proposed to be constituted for the purpose;

(d) if so, the details thereof indicating the terms of reference of the Committee; and

(e) the time by which the process is likely to be completed?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a),(b),(c),(d)&(e): No, Sir. There is no shortage of wheat in the country due to production of 73.75 million tonnes of wheat in the Rabi crop to be marketed in Rabi Marketing Season 2007-08. However, it has been decided by the Government to constitute an Empowered Committee (EC) of experts to advise the FCI for using overseas wheat derivatives market. The composition of EC is as under:

1. Shri U.K. Sinha, CMD UTI AMC, Mumbai - Chairman

2. Dr. Susan Thomas, Indira Gandhi Institute of Development Research, Mumbai - Member

3. Shri Bharat Ramaswami, Indian Statistical Institute, Delhi - Member

2. The Terms of Reference of the EC are as under:

i) to interact with a set of potential OTC vendors in designing a legal contract that would be finally signed between the designated entity of the Government of India and the successful vendors;

ii) to arrive at the transaction sizes, based on empirical evidence and interaction with global industry, which could be contracted without undue impact on the market. EC would recruit international or domestic consultant on commercial terms to assist them in this work, if deemed appropriate.

iii) it would be fully empowered to proceed on a transparent procurement process for choosing one or more OTC vendors for buying options.

iv) to establish minimum technical criteria., viz minimum size and track record for the perspective writer of option contracts that can quote price of options in the auction.

v) based on their judgment, if EC comes to conclusion that exclusive reliance on options is not feasible at an acceptable price, it could buy futures contracts and based on the market conditions dynamically decide whether to exercise it or to roll it over.

3. The term of the EC would be up to September 2007 or until further orders, whichever is earlier.